



Director of  
Central  
Intelligence

Approved For Release 2004/11/03 : CIA-RDP79T00975A031400180002-2

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# **National Intelligence Daily (Cable)**

21 May 1979

DIA and DOS review(s) completed.

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Approved For Release 2004/11/03 : CIA-RDP79T00975A031400180002-2

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Approved For Release 2004/11/03 : CIA-RDP79T00975A031400180002-2

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25X1

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25X1

Contents

Briefs and Comments

25X1

Cyprus: <i>Intercommunal Talks to Resume</i> . . . . .	2
Spain: <i>Upheaval at Socialist Party Congress</i> . . . . .	3
USSR - Eastern Europe: <i>Brezhnev, Kosygin</i> <i>Visits</i> . . . . .	4

25X1

Special Analysis

China: <i>Leadership Maneuvering</i> . . . . .	6
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25X1

25X1

Approved For Release 2004/11/03 : CIA-RDP79T00975A031400180002-2

Approved For Release 2004/11/03 : CIA-RDP79T00975A031400180002-2

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Approved For Release 2004/11/03 : CIA-RDP79T00975A031400180002-2

CYPRUS: Intercommunal Talks to Resume

*Greek and Turkish Cypriot leaders, meeting under UN Secretary General Waldheim's auspices over the weekend, agreed to resume the long-stalled intercommunal talks. The negotiations will be conducted on the basis of a 10-point accord that marks a step forward in the drawn-out effort to find a solution to the Cyprus problem. The two sides have a history of backtracking and reinterpreting agreements to fit their needs, however, and it is by no means certain this pattern will not be repeated.*

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The compromise formula, which was largely the work of Waldheim, calls for the resumption of continuous negotiations beginning 15 June. Among its most significant--and potentially controversial--provisions are that the talks will be based on guidelines reached by the late Archbishop Makarios and Turkish Cypriot leader Denktash in 1977 and on relevant UN resolutions, that priority be given to the resettlement by Greek Cypriots of the city of Varosha, and that both sides take practical measures to promote good will and confidence.

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Cypriot President Kyprianou and Denktash in the past have given different interpretations of the agreement Denktash reached with Makarios. Kyprianou has stressed the part of the guidelines providing for a unified state while Denktash has emphasized the provision for separation of the two communities. The Greek Cypriots had sought to secure Varosha in advance of negotiations on other issues, while the Turkish Cypriots have pursued a similar strategy with respect to the Greek Cypriot economic embargo that has prevented their economy from getting off the ground.

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The wording of the accord reached Saturday is sufficiently vague to permit both parties to interpret it as they wish. The vague wording, statements by the two leaders after their meetings,

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make it likely that the Cyprus issue will not be settled any time soon.

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SPAIN: Upheaval at Socialist Party Congress

*Moderates in Spain's Socialist Party received a sharp setback at the party congress in Madrid over the weekend when Secretary General Felipe Gonzalez unexpectedly resigned. According to press reports, Gonzalez' move yesterday came after his effort to remove the term "Marxist" from the party definition was defeated by a two to one margin.* [REDACTED]

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Although Gonzalez in his speech to the congress stopped short of repeating an earlier suggestion that the Marxist label be dropped, he made clear his opposition to the term. Gonzalez wants it removed because he believes the Marxist label would deter moderate leftists whom the party must attract to win future elections. Radicals wanted the term retained. [REDACTED]

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Gonzalez did not close the door on future services to the party, saying he would continue as a member but in some other capacity. [REDACTED]

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Madrid radio late last night reported that the congress--as its final act--named a "management committee" to lead the party for the next half-year, within which time it "should. . . convene an extraordinary congress to debate the party's political line and elect the leaders." [REDACTED]

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USSR - EASTERN EUROPE: Brezhnev, Kosygin Visits

25X1 *The Soviets have announced that President Brezhnev will visit Hungary and Premier Kosygin will travel to Czechoslovakia soon.* [REDACTED]

25X1 According to a joint announcement issued Saturday, Brezhnev will travel to Hungary at the head of a party-government delegation "at the end of May." Brezhnev has not visited Hungary since 1972, but Hungarian party chief Kadar was in Moscow for bilateral talks just over two months ago. [REDACTED]

25X1 TASS announced on Friday that Kosygin would visit Czechoslovakia "in the coming days." A Czechoslovak diplomat has said that Brezhnev will confer with Czechoslovak leaders during a stop at Bratislava en route to the mid-June summit talks with President Carter in Vienna. [REDACTED]

A ranking Soviet diplomat in Budapest had told the US Embassy there in late March that Brezhnev would visit Hungary this spring. It is likely that plans for the trip to Budapest late this month were finalized at the Brezhnev-Kadar talks in March--before agreement on dates for the US-Soviet summit. Brezhnev's apparent plans for a stop in Bratislava imply that he will travel to Vienna by train. [REDACTED]

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Approved For Release 2004/11/03 : CIA-RDP79T00975A031400180002-2

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Approved For Release 2004/11/03 : CIA-RDP79T00975A031400180002-2

25X1

Approved For Release 2004/11/03 : CIA-RDP79T00975A031400180002-2

SPECIAL ANALYSIS

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CHINA: Leadership Maneuvering

*//Party Vice Chairman and Vice Premier Deng Xiaoping's escalating criticism of high-level political opponents appears to be a counterattack against those who forced him to make a self-criticism and to back down on key policy issues at the Central Committee work conference last month. Deng's counterattack will further exacerbate leadership tensions, which invariably are magnified at lower levels, and will thereby contribute to China's already serious problems of economic mismanagement, bureaucratic malaise, and popular disaffection.//*

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Deng's attack came in a "Contributing Commentator" article published on 11 May in the *Guangming Daily*, *People's Daily*, and *Liberation Army Daily*, an exposure that lends it considerable authority. The article is a sharp-edged uncompromising statement, a virtual declaration of ideological war against Deng's opposition. It accuses the opposition of "supporting Lin Biao and the Gang of Four, opposing true Marxism - Leninism - Mao Zedong thought," fostering "cliquism and sectarianism," and "preserving and creating factors for instability."

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*//Some of the conflict may be resolved at the National People's Congress, which is likely to be held in late May or June. Such a meeting is usually preceded by a Central Committee plenum, where party leadership changes are often announced. At this point, however, it is by no means clear that Deng will be any more successful than at previous meetings in bringing together a leadership group entirely responsive to his will.//*

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*//This opposition, usually referred to as the "whatever faction"--from its advocacy of dogmatic obedience to "whatever" former Party Chairman Mao Zedong said--reportedly is led by Party Vice Chairman Wang Dongxing, and includes several other Politburo members. Their opposition to Deng's policies is primarily ideological,*

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but they apparently have used other policy problems-- including economic readjustment, the war with Vietnam, and the development of Sino-US relations--to press their attack on Deng's leadership. Other political leaders, who do not necessarily share the ideological orientation of the "whatever faction," have joined with its members on specific issues, and their combined influence apparently has forced Deng to back away from some of his more controversial policies.

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The "Contributing Commentator" article, however, suggests that Deng's patience is wearing thin. The charges in the article are the most serious yet against those who cling to Maoist orthodoxy, and could be construed as laying the groundwork for an eventual purge of Deng's opponents. Deng probably is aware, however, that a purge might be very difficult to carry out as well as highly disruptive to economic and political plans now being considered. His more likely strategy is to keep the pressure on members of his opposition, to discredit them in the eyes of their supporters, and to ensure that new leadership arrangements do not give them significant authority.

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//Even the removal of the leftist opposition would not necessarily bring about an end to Deng's problems or a more stable leadership. Age and infirmity are beginning to erode the Politburo's ability to perform effectively. The poor health of two other party vice chairmen, Ye Jianying and Chen Yun, influential in military and economic affairs, apparently precludes them from devoting full attention to their jobs. One active

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member of the Politburo died in February, and at least five others are believed to have serious health problems.// [REDACTED]

The fact that Deng is not the absolute leader of a cohesive faction further complicates the resolution of political difficulties. Other Politburo members consider themselves to be equal to Deng in prestige and experience, and while they support him on some issues, they differ sharply with him on others. Moreover, some highly influential former members of the Politburo, recently rehabilitated but not yet restored to their previous rank, are pressing for complete exoneration and return to power. Deng appears to be in the uncomfortable position of trying to hold these individuals back, while at the same time trying to get younger officials to agree to their return. [REDACTED]

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DIA Comment

//The Defense Intelligence Agency does not agree that there is significant opposition within the Politburo to Vice Premier Deng Xiaoping or that "serious policy disagreements have developed on a number of issues." On the contrary, Deng enjoys the firm support of an overwhelming percentage of the Politburo membership and the small minority who may oppose him on ideological grounds were politically neutralized at last year's party plenum. Recent adjustments in economic policies may have been debated, but there is no evidence that Deng suffered a political setback for the apparent errors in economic planning. The referenced "Commentator" item of 11 May, is the type of political rhetoric that is commonly disseminated prior to the convening of major leadership meetings, and does not necessarily portend a purge within the Politburo.// [REDACTED]

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